

## Message Text

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51

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SAJ-01 CIAE-00 COME-00 EB-07

INR-07 LAB-04 NSAE-00 SIL-01 OMB-01 CIEP-01 TRSE-00

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ARA-06 INT-05 /115 W

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R 23115Z MAY 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0313

INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

AMEMBASSY BERLIN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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E.O. 11652: N/A

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TAGS: ELAB, GW

SUBJECT: PREVIEW DGB CONVENTION--POLICY ON MULTI-NATIONAL CORPORATIONS

REF: BONN 8390

1. SUMMARY. THE GERMAN TRADE UNION CONFEDERATION (DGB) WILL CONCENTRATE MORE ON THE ISSUE OF MULTINATIONAL CORPORATIONS AT ITS 10TH NATIONAL CONVENTION MAY 25 TO 31 THAN AT PREVIOUS MEETINGS. OF THE SIX DRAFT RESOLUTIONS RECOMMENDED BY DGB AFFILIATES, THE CONVENTION RESOLUTIONS COMMITTEE HAS RECOMMENDED APPROVAL OF THE RESOLUTION OF THE LARGEST DGB AFFILIATE, THE METALWORKERS UNION. THIS POLICY STATEMENT CLAIMS THAT THE INTERNATIONALIZATION OF CAPITAL BY MAJOR MULTINATIONAL CORPORATIONS REPRESENTS A NEW UNCONTROLLED INTERNATIONAL POWER FACTOR THAT THREATENS THE ECONOMIC AND SOCIAL INTERESTS OF GOVERNMENTS OF DEVELOPED AND DEVELOPING COUNTRIES AS WELL AS THE INTERESTS OF WORKERS AND THEIR TRADE UNIONS. THIS POLICY CALLS FOR INTENSIFICATION OF DGB EFFORTS TO INCREASE NATIONAL AND INTERNATIONAL MONITORING OF THE ACTIONS OF THESE MULTINATIONAL FIRMS AND THE EXCHANGE OF INFORMATION AND COORDINATION OF ACTION BY INTERNATIONAL TRADE UNION ORGANIZATIONS. END SUMMARY.

2. THE SPECIFIC DGB ACTIONS AUTHORIZED BY THIS POLICY RESOLUTION INCLUDE SUPPORT FOR:

- A) THE CREATION OF AN INTERNATIONAL CODE OF CONDUCT FOR MULTINATIONALS REQUIRING MINIMUM STANDARDS FOR PUBLICIZING THE BASIC INFORMATION ON THEIR OPERATIONS TO GOVERNMENTS, TRADE UNIONS AND THE GENERAL PUBLIC. THIS POLICY CALLS FOR THE DGB TO SUPPORT ACTION BY INTERNATIONAL INSTITUTIONS SUCH AS THE UN, THE ILO AND OECD TO DEVELOP AND TO MONITOR SUCH A CODE.
- B) VOLUNTARY ACTION BY MULTINATIONAL COMPANIES TO INFORM GOVERNMENTS, TRADE UNIONS AND THE GENERAL PUBLIC ABOUT THEIR OPERATIONS--ALTHOUGH SUCH ACTION DOES NOT REPRESENT A LASTING OR EFFECTIVE SOLUTION TO THE PROBLEMS POSED BY MULTINATIONALS.
- C) MORE EFFECTIVE FRG GOVERNMENTAL ACTION TO USE ITS CARTEL AND TAX AGENCIES TO OBTAIN ADVANCE INFORMATION ON LIMITED OFFICIAL USE

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MERGERS OF CORPORATIONS, MAJOR INTERNATIONAL TRANSFERS OF FUNDS AND TRANSFERS OF PROFITS.

- D) NEW FRG LEGISLATIVE ACTION TO REGULATE MULTINATIONAL MARKETING, TAX AND MONETARY PRACTICES.
- E) GOVERNMENTAL REGULATION OF FOREIGN INVESTMENT INCLUDING NEW INVESTMENT GUARANTEE REGULATIONS REQUIRING GERMAN MULTINATIONAL FIRMS TO IMPLEMENT ILO CONVENTIONS ON FAIR LABOR STANDARDS AND TRADE UNION RIGHTS.

F) GOVERNMENTAL ACTION TO INSURE A BALANCE BETWEEN  
FOREIGN INVESTMENT IN GERMANY AND GERMAN INVESTMENT  
ABROAD AND TO INSURE THAT THE IMPACT ON FRG INDUSTRIAL  
AND MANPOWER DEVELOPMENTS MAY BE CONTROLLED AND CORREC-  
TIVE ACTION TAKEN, WHERE NEEDED.

G) GOVERNMENTAL ACTION TO ESTABLISH PUBLICLY OWNED OR  
COOPERATIVE ENTERPRISES IN SECTORS PROVIDING BASIC  
NECESSITIES FOR THE POPULATION TO GUARANTEE COMPETITION  
AND ADEQUATE EMPLOYMENT OPPORTUNITIES IN THESE SECTORS OF  
THE ECONOMY.

H) NEW LEGISLATION PROVIDING SUFFICIENT GOVERNMENTAL  
AUTHORITY TO VETO ACQUISITION OF STOCK IN GERMAN COMPA-  
NIES BY FOREIGNERS OR MULTINATIONALS, SINCE PREVIOUS  
VOLUNTARY COMMITMENTS BY BANKS AND GERMAN FIRMS REPRESENT  
AN UNSATISFACTORY SOLUTION.

I) TRADE UNION ACTION TO SECURE THE EXTENSION AND  
IMPROVEMENT OF CODETERMINATION RIGHTS IN THE FRG AND OTHER  
COUNTRIES AS A MEASURE TO COUNTERBALANCE MULTINATIONAL  
SUPPORT OF GOVERNMENTS AND POLITICAL PARTIES IN

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DEVELOPING COUNTRIES WHICH SUPPRESS FREE COLLECTIVE BAR-GAINING AND TRADE UNION RIGHTS.

J) MORE DGB EFFORTS TO COORDINATE INTERNATIONAL TRADE UNION ACTION ON MULTINATIONALS AT THE NATIONAL AND INTER-NATIONAL LEVEL.

K) CONTINUED ACTION BY DGB UNIONS TO USE THEIR CODE-TERMINATION RIGHTS IN GERMAN MULTINATIONAL FIRMS TO ADVANCE THE INTERESTS AND RIGHTS OF WORKERS EMPLOYED BY THESE COMPANIES ABROAD IN COORDINATION WITH INTERNATIONAL TRADE UNION FEDERATIONS AND TRADE SECRETARIATS. THIS INCLUDES THE EXCHANGE OF INFORMATION, CONSULTATION AND EXERCISE OF OTHER RIGHTS GUARANTEED BY GERMAN CODETERMINATION LEGISLATION.

L) COORDINATION OF DGB UNIONS WITH UNIONS IN OTHER COUNTRIES WITHIN THE FRAMEWORK OF INTERNATIONAL TRADE SECRETARIATS IN NEGOTIATIONS ON THE SETTLEMENT OF LABOR DISPUTES INVOLVING GERMAN MULTINATIONALS. HOWEVER, SUCH COORDINATION WILL NOT INCLUDE AN ATTEMPT TO NEGOTIATE UNIFORM COLLECTIVE AGREEMENTS WHICH MUST OF NECESSITY BE BASED ON LOCAL CONDITIONS AND PRECEDENTS.

3. COMMENT. ALTHOUGH THE ABOVE POLICY STATEMENT DOES NOT REPRESENT ANY PARTICULARLY NEW APPROACHES OF THE DGB ON THE MULTINATIONAL ISSUE, IT DOES REPRESENT THE FIRST DGB ATTEMPT TO CODIFY THE VARIOUS INITIATIVES THAT THE DGB AND ITS AFFILIATED UNIONS HAVE INITIATED IN THE ILO,

THE VARIOUS INTERNATIONAL TRADE SECRETARIATS AND THE ICFTU. THE GERMAN GOVERNMENTAL REPRESENTATIVE, HANS MATTHOEFER, PREVIOUSLY PLAYED AN ACTIVE ROLE IN ADVOCATING MANY OF THESE POINTS IN THE UN HEARINGS ON MULTINATIONALS AND EACH OF THE DGB INDUSTRIAL UNIONS HAS BASICALLY FOLLOWED THIS LINE IN INITIATIVES WITH THEIR INTERNATIONAL COLLEAGUES. MANY OF THE POINTS OF THIS ACTION PROGRAM WERE INCLUDED IN THE SUMMARY REPORT OF A RECENT FRIEDRICH EBERT-FOUNDATION CONFERENCE ON MULTINATIONALS IN BONN AND THE IDEA OF A CODE OF CONDUCT FOR MULTINATIONALS WAS THEN SUPPORTED BY CHANCELLOR HELMUT SCHMIDT. THE DGB AND THE FRIEDRICH EBERT-FOUNDATION ALSO HAVE BEEN CONSULTING WITH THE AFL-CIO TO INITIATE A TRADE UNION ACTION PROGRAM ALONG THESE LINES.

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THE RECOMMENDATIONS ON GOVERNMENT REGULATIONS OF FOREIGN PURCHASES OF STOCK IN GERMAN COMPANIES REFLECT A RATHER EXTREME NEGATIVE UNION REACTION TO THE RECENT PURCHASE OF MERCEDES/BENZ STOCK BY THE GOVERNMENT OF KUWAIT AND THE PURCHASE OF KRUPP STOCK BY THE SHAH OF IRAN. THE RECOMMENDATION ON STRENGTHENING COORDINATION OF GERMAN UNION EFFORTS TO SUPPORT DEVELOPING COUNTRY UNIONS IN LABOR DISPUTES INVOLVING GERMAN MULTINATIONAL FIRMS MAY REFLECT THE RESULTS OF THE RECENT VISIT OF THE PRESIDENT OF THE METALWORKERS UNION AND THE INTERNATIONAL METALWORKERS FEDERATION EUGEN LODERER TO SEVERAL COUNTRIES IN LATIN AMERICA.

SO FAR, DESPITE THESE MANY CONFERENCES AND DECLARATIONS, THERE HAVE BEEN FEW ACTIONS BY THE GOVERNMENT ON THESE RECOMMENDATIONS WITH THE EXCEPTION OF THE INVESTIGATION OF THE PETROLEUM PRICE INCREASES BY THE GERMAN GOVERNMENT CARTEL OFFICE LAST YEAR WHICH RESULTED IN NO SIGNIFICANT MEASURES AGAINST MULTINATIONAL PETROLEUM FIRMS. MOST OF THE RECOMMENDED ACTIONS ARE UNLIKELY TO FIND ANY SYMPATHY IN THE PRESENT FRG COALITION GOVERNMENT WHICH IS STRONGLY COMMITTED TO FREE MARKET PRINCIPLES AND TO A POLICY OF NON-INTERFERENCE IN INTERNATIONAL INVESTMENT FLOWS. THE DGB-PROPOSED ACTION PROGRAM IMPLIES A DEGREE OF GOVERNMENT INTERVENTION IN BUSINESS THAT RUNS COUNTER TO THE ECONOMIC POLICIES ESPoused BY THE CHANCELLOR HIMSELF AND THE LIBERAL PARTY (FDP) ECONOMICS MINISTER. FURTHER, ALTHOUGH THE ABOVE STATEMENT REPRESENTS A CLEAR INDICATION OF THE ACTION THE DGB WANTS AND SUPPORTS, PAST EXPERIENCE HAS INDICATED THAT ORGANIZING IMPLEMENTING ACTION BY INTERNATIONAL TRADE UNION GROUPS POSES A FORMIDABLE PROBLEM DUE TO CONFLICTING NATIONAL AND POLITICAL INTERESTS. END COMMENT

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